BASIC FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND INDEPENDENT AUDITOR'S REPORTS

### TABLE OF CONTENTS

	<u>Page</u>
ndependent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements	
Balance SheetGovernmental Funds	10
Reconciliation of the Balance SheetGovernmental Funds to the Statement of Net Assets	11
Statement of Revenues, Expenditures and Changes in Fund BalancesGovernmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund BalancesGovernmental Funds to the Statement of Activities	40
Statement of Net AssetsProprietary Fund	
Statement of Revenues, Expenses and Changes in Net Assets Proprietary Fund	15
Statement of Cash FlowsProprietary Fund	16
Statement of Fiduciary Net AssetsFiduciary Fund	17
Notes to the Basic Financial Statements	10

### TABLE OF CONTENTS--CONTINUED

	<u>Page</u>
Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund BalanceBudgetary Comparison ScheduleGeneral Fund	34
Statement of Revenues, Expenditures and Changes in Fund BalanceBudgetary Comparison ScheduleSpecial Revenue Fund	35
Statement of Revenues, Expenditures and Changes in Fund BalanceBudgetary Comparison ScheduleConstruction Fund	36
Combining StatementsNonmajor Funds	
Combining Balance SheetNonmajor Governmental Funds	37
Combining Statement of Revenues, Expenditures and Changes in Fund BalancesNonmajor Governmental Funds	38
Combining StatementsActivity Funds	
Combining Statement of Assets, Liabilities and Fund Balance Activity Funds	39
Activity Funds: Spencer County High School	40
Schedule of Expenditures of Federal Awards	42
Notes to the Schedule of Expenditures of Federal Awards	43
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	44
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	45
Schedule of Current Year Audit Findings:	
Schedule of Findings and Questioned Costs	47
Schedule of Prior Year Audit Findings	48
Management Letter Comments	40

### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education Spencer County Board of Education Taylorsville, Kentucky

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Spencer County School District as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Spencer County School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendix I of the Independent Auditor's Contract - General Audit Requirements, Appendix II of the Independent Auditor's Contract - Electronic Submission. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Spencer County School District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with <u>Government Auditing Standards</u>, we have also issued a report dated August 27, 2004, on our consideration of Spencer County School District's internal control structure and a report dated August 27, 2004, on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information on pages 34 through 36 and the combining nonmajor fund financial statements on pages 37 through 38 are presented for the purpose of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 42 through 43 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. The combining nonmajor fund financial statements and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The Management's Discussion and Analysis on pages 3 through 7 and is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Carpeter Manutyay & Beesler PSC

Louisville, Kentucky August 27, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Year ended June 30, 2004

As management of the Spencer County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

### **FINANCIAL HIGHLIGHTS**

- The ending cash balance for the District was \$1.9 million in 2003 and \$2.3 million in 2004, including a construction fund cash balance of \$500,000.
- No funds of the District have a deficit fund balance. However, the Special Revenue Fund, Construction Fund and the Debt Service Fund had operations that resulted in a current year deficit of revenues over expenditures resulting in reductions of fund balance in the amounts of \$77,405, \$901,886 and \$402,235 respectively.
- Previous to fiscal year 2003, the board maintained a rotation of the bus fleet by budgeting for bus purchases. In anticipation of reductions in State Funding, the board chose not to purchase buses during the fiscal year 2003. The board did enter into a KISTA bus lease agreement in fiscal year 2004 in order to resume the rotation of the bus fleet, purchasing three buses.
- House Bill 269 provided the use of Capital Outlay funds to pay for property insurance premiums and maintenance projects for the fiscal year 2004 with approval from the Kentucky Department of Education. The Board approved the use of Capital Outlay funds in the amount of \$39,362 to pay for the District's property insurance premiums and \$13,000 to pay for the replacement of defective doors and locks at our high school facility.
- The District continues to experience growth. The District grew 30.8% in ADA since fiscal year 1998. The growth rate experienced in fiscal year 2004 was considerably lower at .5%. Projections however recognize additional growth of 8.5% for fiscal year 2005, with the heaviest concentration in the elementary and middle schools.
- Following the amendment of the District long-range plan for facilities, there is a focus on investing in plant management with the age and size of our facilities reflective of this need.
- The District broke ground in June 2004 for the new middle school designed to house 800 students, grades 6-8, with an estimated completion cost of \$14.5 million to be occupied in the fall of 2005. Bonds totaling \$13.8 million were issued with an average coupon rate of 4.8%. Renovations of the current middle school to a second elementary site are in the discussion phase with expectations of action being taken during fiscal year 2005. The Board approved a 5.9 cent building fund levy subject to recall in September 2003 to fund the renovation project. The Board rescinded the building fund levy when the county clerk certified the recall petition submitted by the county residents.
- The District's General Fund had revenue of \$12.3 million, which primarily consisted of the state (SEEK), property, motor vehicle and utility taxes. There was \$12.2 in General Fund expenditures. The cost to provide services to the increasing student population continues to exceed the revenue derived from the new residential tax base and assessments. The District has no industrial tax base. As the District enters into the fiscal year 2005, budget concerns are focused on the cost to open a new school site, competitive salaries for teachers, additional bus routes and pursuing the district vision for technology based learning.
- The District remains committed to student achievement with a focus on professional development. A concerted effort to reduce purchasing in areas other than classroom instruction and professional development is reflective in the fiscal year 2005 budget.
- Bonds are issued as the district constructs or renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's total debt increased \$13.2 million during the current fiscal year.

### Continued

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)--CONTINUED

Year ended June 30, 2004

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 8 - 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. Proprietary funds are our vending and food service operations and our before and after school child care services. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 12 - 17 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 33 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)--CONTINUED

Year ended June 30, 2004

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

### Net Assets for the period ending June 30, 2004

This is the second year the District is following GASB 34, comparing assets, liabilities and net assets. 2004 Government Wide Net Assets compared to 2003 are as follows:

	2004	2003
Current Assets	\$ 16,647,129	\$ 2,213,940
Noncurrent Assets	<u>11,723,521</u>	10,778,324
Total Assets	\$ 28,370,650	\$ 12,992,264
Current Liabilities	\$ 1,565,960	\$ 1,265,774
Noncurrent Liabilities	<u>23,142,386</u>	9,819,837
Total Liabilities	<u>\$ 24,708,346</u>	\$ 11,085,611
NI-4 A 4-		
Net Assets		
Investment in capital assets (net of debt)	\$ 1,840,309	\$ 10,778,324
Restricted	(13,474,310)	(10,440,294)
Unreserved Fund Balance	<u>15,296,305</u>	1,568,623
Total Net Assets	\$ 3,662,304	\$ 1,906,653

The following table presents a fund accounting comparison and summary of revenue and expense for the Government Funds only for the fiscal years 2004 and 2003:

	2004		2003
Revenues			
Local revenue sources	\$ 4,195,194	\$	3,267,092
State revenue sources	11,225,731		8,993,032
Federal revenue	1,033,838		1,064,693
Investments	193,414		49,636
Other sources	 222,188		126,783
Total Revenues	16,870,365	·	13,501,236
Expenses			
Instruction	\$ 9,460,562	\$	7,870,072
Student support services	609,723		579,080
Instructional support	464,590		357,874

### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)--CONTINUED

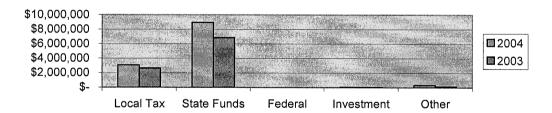
Year ended June 30, 2004

	2004	2003
District administration	\$ 471,481	\$ 641,478
School administration	769,555	606,262
Business support	358,450	121,847
Plant operations	1,050,713	955,627
Enterprise operation	16,360	_
Student transportation	1,198,597	933,516
Central office support	-	131,505
Facilities acquisition	982,641	65,845
Community support	120,427	97,480
Other	83,166	1,353,923
Debt service	1,002,131	 <u>-</u>
Total Expenses	\$ 16,588,396	\$ 13,714,509
Excess (Deficit) of Revenues		
Over Expenditures	\$ 281,969	\$ (213,273)*

<sup>\*</sup> The board authorized expenditures of prior year reserve to address instructional needs.

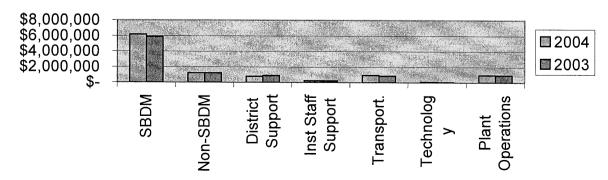
### **General Fund Revenue**

The majority of revenue in 2004 was derived from state funding (72%) as compared with fiscal 2003 (70%), with 1.5% of the increase derived from the inclusion of state on-behalf payments. The local tax revenue makes up 25% as compared to 27% of total revenue in 2003.



### **Budget Allocation**

Site Based Decision Making Councils expended 60% of the general fund budget, the majority of the Non-SBDM funds (12%) was spent serving children with special needs, providing district wide gifted and talented instruction and alternative instruction. The remaining 28% was expended for district support services (7%), instructional staff support (2%), transportation (9%), technology (1%) and plant operations (9%).



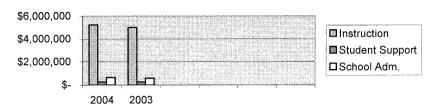
Continued

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)--CONTINUED

Year ended June 30, 2004

### **School Allocation**

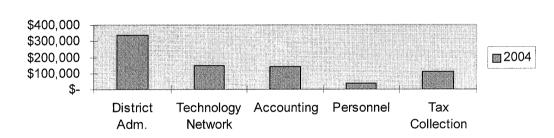
Regular Instruction accounts for 85% of the school level expenditures.



### **Central Office Allocation**

Many members of the community are interested in monitoring Central Office Support Services. In years prior to 2004, workers compensation, employee life insurance and some additional expenses were included as a Central Office expense. These items were allocated to the individual schools starting in 2004, which is why there is no comparative schedule.

2004



### **BUDGETARY IMPLICATIONS**

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the District overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget for 2004 with \$478,000 in contingency, approximately (3%). The District continues to operate their transportation on staggered bus schedules to reduce the number of buses needed in the fleet and the high school textbook rental fee established in 2003 for all students with the exception of free and reduced continues to fund textbook purchases. Spencer County continues to be recognized as the fastest growing county in the state and our District is the largest employer in the county.

This audit will be posted to the district web site (<a href="www.spencer.k12.ky.us">www.spencer.k12.ky.us</a>). Questions regarding this report should be directed to Larry Holt, Superintendent (502)477-3250 or to Vicki Goodlett, Director of Financial Services (502)477-3250 or by mail at 207 West Main Street, Taylorsville, KY 40071.

### STATEMENT OF NET ASSETS

June 30. 20	U4	4
-------------	----	---

June 30, 2004			
	Covernmental	Business-	
ASSETS	Governmental Activities	Type Activities	Total
	<del></del>		
Current Assets	ф 2.244.070	<b></b>	¢ 0.040.000
Cash and cash equivalents	\$ 2,214,079	\$ 98,950	\$ 2,313,029
Investments – construction	13,762,243	24 224	13,762,243
Inventory Accounts receivable:	-	24,221	24,221
Taxes – current	39,167		20 167
Intergovernmental – State	31,101	<del>-</del>	39,167 31,101
Intergovernmental – State	285,800	35,013	320,813
Other	151,055	5,086	156,141
Prepaid expenses	414	5,000	414
Topala expenses			
Total current assets	16,483,859	163,270	16,647,129
Non-current Assets			
Bond issue costs	93,495	-	93,495
Discount on bonds	107,618	-	107,618
Deferred amount on refunding	27,400	-	27,400
Capital assets, net	10,176,041	137,532	10,313,573
Non-depreciable assets	<u>1,181,435</u>	-	1,181,435
Total non-current assets	11,585,989	137,532	11,723,521
Total assets	¢ 20.060.040	¢ 200.002	r 20.270.650
10141433513	\$ 28,069,848	\$ 300,802	\$ 28,370,650
LIABILITIES			
Current Lightlities			
Current Liabilities		•	• ••••
Bank overdraft	\$ 223,903	\$ -	\$ 223,903
Accounts payable	276,345	7,564	283,909
Deferred revenue	60,951	-	60,951
Current portion of bond obligations	770,000	-	770,000
Current portion of capital leases	19,140	-	19,140
Current portion of accrued sick leave	66,712	-	66,712
Interest payable	<u>141,345</u>	<del>-</del>	141,345
Total current liabilities	1,558,396	7,564	1,565,960
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1,001	1,000,000
Non-current Liabilities			
Non-current portion of bond obligations	22,795,000	-	22,795,000
Non-current portion of capital leases	159,072	-	159,072
Non-current portion of accrued sick leave	<u> 188,314</u>	-	<u> 188,314</u>
Total non-current liabilities	23,142,386		23,142,386
Total liabilities	24,700,782	7,564	24,708,346
Net Assets			
Invested in capital assets, net of related debt	1,702,777	137,532	1,840,309
Restricted for:	1,702,777	107,002	1,040,509
Construction	(13,860,000)	-	(13,860,000)
Debt service	281,690	- -	281,690
Other purposes (nonexpendable)	104,000	- -	104,000
Unrestricted	15,140,599	155,706	15,296,305
Total net assets	3,369,066	293,238	3,662,304
Total liabilities and net assets	\$ 28,069,848	\$ 300,802	\$ 28,370,650

See independent auditor's report and accompanying notes to basic financial statements

# STATEMENT OF ACTIVITIES

Year Ended June 30, 2004

					2	Net (Expense) Revenue	
			Flogialii Revelides			Clarides III INCLASSO	0
			Operating	Capital	•	Business-	
	ι	Charges for	Grants &	Grants &	Governmental	Type	ŀ
TONO HOUSE AND THE PROPERTY OF	Expenses	Services	Contributions	Contributions	Activities	Activities	lotai
Governmental Activities							
Instruction	\$ 9,567,019	\$ 44,260	\$ 1,546,769	- +	\$ (7,975,990)	· &	\$ (7,975,990)
Support services							
Student	606,953	į	292,625	•	(314,328)	•	(314,328)
Instruction staff	472,182	į	197,759		(274,423)	•	(274,423)
District administrative	491.476		. •	•	(491,476)		(491,476)
School administrative	771,736	•	12,518		(759,218)	•	(759,218)
Business	358,450		. •	•	(358,450)	•	(358,450)
Plant operation and maintenance	1,052,734	•	•		(1,052,734)	•	(1,052,734)
Student transportation	1,286,587	1	123,452	,	(1,163,135)	·	(1,163,135)
Other	101,483	•		•	(101,483)	•	(101,483)
Facilities acquisition and construction	117,589	,	•	1,053,303	935,714	•	935,714
Community service activities	120,426	•	101,553		(18,873)		(18,873)
Interest on long-term debt	322,386	•	. •		(322,386)		(322,386)
Bond discount amortization	5,000	•	•	1	(2,000)	•	(2,000)
Loss on sale of assets	24,746			•	(24,746)		(24,746)
Total governmental activities	15,298,767	44,260	2,274,676	1,053,303	(11,926,528)	1	(11,926,528)
Business-Type Activities Food service Day care	971,234 103,615	566,759 78,820	416,968 2,097			12,493 (22,698)	12,493 (22,698)
Total business-type activities	1,074,849	645,579	419,065	1		(10,205)	(10,205)
Total primary government	\$ 16,373,616	\$ 689,839	\$ 2,693,741	\$ 1,053,303	(11,926,528)	(10,205)	(11,936,733)

General Revenues Taxes: Property taxes Property taxes Motor vehicle taxes Utility taxes Investment earnings State and formula grants Insurance payments Miscellameous Proceeds from sale of bond	Sound of the field of December
--	--------------------------------

Other Financing Sources (Uses)
Operating transfers in
Operating transfers out Excess (deficit) of Revenues Over Expenditures

Total other financing sources (uses)

Net assets, beginning of year Net assets, end of year Change in net assets

		and	d Chan	Changes in Net Assets	
	ම්	Governmental		Business- Type	
-	Á	Activities		Activities	Total
		į	•		
	69	(7,975,990)	<del>69</del>	ı	(066'976'7) \$
		(314,328)		1	(314,328)
		(274,423)		1	(274,423
		(491,476)			(491,470
		(358,450)		,	(358,450)
		(1,052,734)			(1,052,734)
		(1,163,135)		i	(1,163,135)
		935 714			935 714
		(18,873)		•	(18,873
		(322,386)		ı	(322,386)
		(5,000)			(5,000) (24.746)
		(11.926.528)			(11.926.528)
		ı		12,493	12,493
		,		(22,698)	(22,698
		ı		(10,205)	(10,205)
	_	(11,926,528)		(10,205)	(11,936,733)
	69	3,150,979	49	ı	\$ 3,150,979
		479,236		1	479,236
		193,415		2,198	195,613
		12.118			12,118
		244,362			244,362
		210,01			
		13,690,186		2,198	13,692,384
		1,763,658		(8,007)	1,755,651
		(27,784)		27,784	27,784
		(27,784)		27,784	
		1,735,874		19,777	1,755,651
		1,633,192		273,461	1,906,653
	cs.	3,369,066	es.	293,238	\$ 3,662,304

See independent auditor's report and accompanying notes to basic financial statements

### BALANCE SHEET--GOVERNMENTAL FUNDS

June 30, 2004

ASSETS AND RESOURCES		General Fund		Special Revenue		Construction Fund	Gov	Other ernmental Funds	Go	Total vernmental Funds
Cash and cash equivalents Investments – construction Accounts receivable:	\$	749,582 -	\$	-	\$	503,356 13,762,243	\$	961,141 -	\$	2,214,079 13,762,243
Taxes – current Intergovernmental – State Intergovernmental – Indirect Federa Other Prepaid interest	I	39,167 - - 151,055 -		31,101 285,800 - -		- - - -		- - - - 414		39,167 31,101 285,800 151,055 414
Total assets and resources	\$	939,804	\$	316,901	\$	14,265,599	\$	961,555	\$	16,483,859
LIABILITIES AND FUND BALANCES										
Liabilities  Bank overdraft  Accounts payable  Deferred revenue	\$	- 48,764 -	\$	223,903 32,047 60,951	\$	195,534	\$	- - -	\$	223,903 276,345 60,951
Total liabilities	-	48,764	-	316,901		195,534		-		561,199
Fund Balances Reserved for: Encumbrances Debt service Unreserved:		91,000 -		<del>-</del> -		- -		13,000 281,690		104,000 281,690
Undesignated, reported in: General fund Construction Capital project funds		800,040 - -		<u>-</u> -		14,070,065	****	- - 666,865		800,040 14,070,065 666,865
Total fund balances		891,040				14,070,065		961,555	·	15,922,660
Total liabilities and fund balances	\$	939,804	\$	316,901	<u>\$</u>	14,265,599	\$	961,555	\$	16,483,859

## RECONCILIATION OF THE BALANCE SHEET--GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

June 30, 2004

Total fund balance per governmental fund balance sheet	\$ 15,922,660
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net assets.	11,357,476
Certain long-term assets are not reported in this fund financial statement because they are not available to pay current-period expenditures, but they are reported in the statement of net assets.	228,513
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because the are not due and payable, but they are presented in the statement of net assets.	(24,139,583)
Net assets for governmental activities	\$ 3,369,066

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS

	General Fund		Special Revenue		Construction Fund		Other Governmental Funds		Total Governmental Funds	
Revenues										
From local sources:										
Taxes:										
Property	\$ 2,106,825	\$	_	\$	_	\$	1,044,154	\$	3,150,979	
Motor vehicle	520,719	•	_	•	_	•	-	*	520,719	
Utilities	479,236		_		_		_		479,236	
Transportation fees	44,260		_		_		_		44,260	
Earnings on investments	34,179		_		80,755		78,480		193,414	
Other local revenues	218,146		4.042		00,755		70,400		222,188	
			1,237,662		-		1 052 202			
Intergovernmental – state	8,934,766				-		1,053,303		11,225,731	
Intergovernmental – indirect federal	-		1,031,542		-		=		1,031,542	
Intergovernmental – direct federal	2,296	_	-		-		-		2,296	
Total revenues	12,340,427		2,273,246		80,755		2,175,937		16,870,365	
Expenditures										
Instruction	7,837,818		1,622,744						9,460,562	
Support services:	1,001,010		1,022,144		-		-		9,400,302	
• •	247.000		202.625						600 700	
Student	317,098		292,625		-		-		609,723	
Instruction staff	266,831		197,759		-		-		464,590	
District administrative	471,481				-		-		471,481	
School administrative	757,037		12,518		-		-		769,555	
Business	358,450		-		-		-		358,450	
Plant operation and maintenance	1,011,351		-		-		39,362		1,050,713	
Enterprise operation	16,360		-		-		-		16,360	
Student transportation	1,075,145		123,452		-		-		1,198,597	
Facilities acquisition and construction	-		-		982,641		-		982,641	
Community service activities	18,874		101,553		-		-		120,427	
Adult education operations	6,253		-		-		_		6,253	
Other .	76,913		-		-		-		76,913	
Debt service:	,								,	
Principal	_		_		_		668,570		668,570	
Interest	_		_		_		333,561		333,561	
morost	<del></del>						000,001	_	000,001	
Total expenditures	12,213,611	_	2,350,651	_	982,641		1,041,493		16,588,396	
(Deficit) Excess of Revenues										
Over Expenditures	126,816		(77,405)		(901,886)		1,134,444		281,969	
O TOT Exponentareo	120,010	_	(77,400)	-	(001,000)	_	7, 107, 444		201,000	
Other Financing (Uses) Sources										
Proceeds from sale of bonds					13,860,000		1,008,511		14,868,511	
Bond discount expense					-		(203,372)		(203,372)	
Payment to bond escrow agent							(805,139)		(805,139)	
Proceeds from sale of fixed assets	47,726		_				(000,100)		47,726	
Operating transfers in	47,720		77,405		1,111,951		617,882		•	
Operating transfers out	(105,188		77,405		1,111,951		(1,729,834)		1,807,238	
			-		-		(1,729,034)		(1,835,022)	
Insurance proceeds	12,118			-					12,118	
Total other financing										
(uses) sources	(45,344		77,405		14 071 051		(4 444 052)		12 002 000	
(uses) sources	(45,544	· _	77,405		14,971,951		(1,111,952)	_	13,892,060	
Net change in fund balances	81,472		-		14,070,065		22,492		14,174,029	
Fund balances,										
beginning of year	809,568	_					939,063		<u>1,748,631</u>	
Fund balances, end of year	\$ 891,040	\$		\$_	14,070,065	\$	961,555	\$	15,922,660	
•						Addition of the last		-		

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year ended June 30, 2004

Net change in total fund balances governmental funds	\$ 14,174,029
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which	000.040
capital outlays exceeds depreciation expense for the year.	638,949
The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net assets.	(13,681,488)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets.	663,043
Losses on the retirement of fixed assets are not reported in this fund financial statement but they are presented in the statement of net activities.	(72,472)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	13,813
Change in net assets of governmental activities	<u>\$ 1,735,874</u>

### STATEMENT OF NET ASSETS--PROPRIETARY FUND

ASSETS	Food Service Fund	Day Care Fund	Total Proprietary Funds
Current Assets Cash and cash equivalents Inventory Accounts receivable:	\$ 97,263 24,221	\$ 1,687 -	\$ 98,950 24,221
Intergovernmental - Indirect Federal Other	35,013	- 5,086	35,013 5,086
Total current assets	156,497	6,773	163,270
Non-current Assets Capital assets Less accumulated depreciation	329,076 191,544	-	329,076 191,544
Total non-current assets	137,532	<u> </u>	137,532
Total assets	\$ 294,029	\$ 6,773	\$ 300,802
LIABILITIES AND NET ASSETS			
Current Liabilities Accounts payable	\$ 5,877	\$ 1,687	\$ 7,564
Net Assets Invested in capital assets, net of related debt Unrestricted	137,532 150,620	- 5,086	137,532 155,706
Total net assets	288,152	5,086	293,238
Total liabilities and net assets	\$ 294,029	<b>\$</b> 6,773	\$ 300,802

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS--PROPRIETARY FUND

	Food Service Fund	Day Care Fund	Total Proprietary Funds	
Operating Revenues				
Lunchroom sales	\$ 566,759	\$ -	\$ 566,759	
Day care fees	<u> </u>	<u> 78,820</u>	78,820	
Total operating revenues	566,759	78,820	645,579	
Operating Expenses				
Salaries and wages	391,437	90,407	481,844	
Materials and supplies	509,462	7,166	516,628	
Depreciation	21,567	-	21,567	
Other operating expenses	<u>48,768</u>	6,042	54,810	
Total operating expenses	971,234	103,615	1,074,849	
Operating loss	(404,475)	(24,795)	(429,270)	
Non-Operating Revenues				
Federal grants	363,770	-	363,770	
Donated commodities	40,472	-	40,472	
Contributions	-	2,097	2,097	
State grants	12,726	-	12,726	
Interest income	2,198	<u>-</u>	2,198	
Operating transfer-in		<u>27,784</u>	<u>27,784</u>	
Total non-operating revenues	419,166	29,881	449,047	
Net income	14,691	5,086	19,777	
Total net assets, beginning of year	273,461	<del></del>	273,461	
Total net assets, end of year	\$ 288,152	\$ 5,08 <u>6</u>	<u>\$ 293,238</u>	

### STATEMENT OF CASH FLOWS--PROPRIETARY FUND

Cash Flows from Operating Activities		
Cash received from:		
Lunchroom sales	\$	566,759
Day care fees		73,733
Cash paid to/for:		
Employees		(481,844)
Supplies		(481,251)
Other activities		(54,809)
Net cash used in operating activities		(377,412)
Cash Flows from Non-Capital and Related Financing Activities		
Federal grants		358,967
State grants		12,726
Contributions		2,097
Interfund transfers		27,784
Net cash provided by non-capital and related financing activities		401,574
Cash Flows from Investing Activities Receipt of interest income	-	2,198
Net increase in cash and cash equivalents		26,360
Balances, Beginning of Year		72,590
Balances, End of Year	\$	98,950
Reconciliation of operating loss to net cash used in operating activities  Operating loss  Adjustments to reconcile operating loss to net cash used in operating activities:	\$	(429,270)
Depreciation		21,567
Donated commodities		40,472
Change in assets and liabilities:		10, 112
Inventory		(7,928)
Receivables		(5,086)
Accounts payable		2,833
		2,000
Net cash used in operating activities	<u>\$</u>	(377,412)
Schedule of Non-Cash Transactions		

### STATEMENT OF FIDUCIARY NET ASSETS--FIDUCIARY FUND

June 30, 2004

	Agency <u>Fund</u>
Assets	
Cash and cash equivalents Investments	\$ 236,080 8,469
Total assets	<u>\$ 244,549</u>
Liabilities  Due to student groups	<u>\$ 244,549</u>